

WASHINGTON STATE DEPARTMENT OF REVENUE



FOR IMMEDIATE RELEASE

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Taxability of Certain Food Items Is Changing

Olympia, Wash., Dec. 15, 2003— Come Jan. 1, bottled water no longer will be subject to sales tax, but "sports" drinks that contain sweeteners will be taxable. Juices also will be taxable if they contain 50 percent or less vegetable or fruit juice.

The revised definitions of food products are part of an effort by 41 states to simplify the collection of sales taxes by businesses that operate in multiple states. The new definitions align Washington's taxation of foods and food ingredients with a national Streamlined Sales and Use Tax Agreement. The Legislature adopted the changes during its 2003 session.

The Department of Revenue is conducting workshops around the state to educate retailers on the changes.

Bottled water currently is taxable, but come Jan. 1 it will be considered a food and thus exempt from sales tax. Sparkling water and club soda—once taxable because they were carbonated beverages—no longer will be taxable unless they contain sweeteners.

The factors for determining when prepared foods are taxable also will be changing. If a product is heated or served with utensils, or two or more ingredients are combined by the seller, the sales tax will apply. Subtle changes also are being made to the taxability of food supplements.

Another change affects ice. Crushed, shaved or cubed ice will no longer be taxable, but blocks of ice will remain taxable.

For more information, please visit <http://dor.wa.gov> and select the link to the special notice.

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